that state as to form of execution, etc., as it contemplated performance in Iowa contrary to the law of Iowa it would seem that there would have been some ground for the Iowa court to have held the contract invalid.

SALES—RESCISSION FOR FRAUD—WHAT CONSTITUTES INTENTION NOT TO PAY.—Plaintiff bank sold one Leimer some commercial paper, which the latter had discounted by defendant bank. Leimer gave plaintiff his personal note in payment. At the time of purchase Leimer knew himself to be deeply insolvent. Plaintiff sought to rescind the sale, claiming that a purchase by one who has no reasonable expectation of being able to pay is tantamount to an intention not to pay, as a conclusion of law. *Held,* that the mere fact that the purchaser had no reasonable expectation of being able to pay, constitutes but a circumstance to be considered by the jury in determining as a matter of fact if the vendee at the time of purchase intended not to pay. *German National Bank of Ripon* v. *Princeton State Bank* (1906), — Wis. —, 107 N. W. Rep. 454.

The case is interesting because of the importance in commercial circles of the principle involved, and because of the conflict of authority concerning the point decided. It is almost universally held that concealment of insolvency at time of purchase is not of itself ground for rescission on the basis of fraud. *People* v. *Healy,* 128 Ill. 9, 20 N. E. 692; *Burchinell* v. *Hirsh,* 5 Colo. App. 500, 39 Pac. 352; *Illinois Leather Co.* v. *Flynn,* 108 Mich. 91, 65 N. W. 519; *Watson* v. *Silsby,* 166 Mass. 57, 43 N. E. 1117; *Davis* v. *Stewart* (C. C.), 8 Fed. 803; *Klopenstein* v. *Mulcahy,* 4 Nev. 296. The cases are also unanimous that a purchase by a vendee who at the time of purchase has the intention not to pay can be rescinded by the vendor on the basis of fraud: *Maxwell* v. *Brown Shoe Co.,* 114 Ala. 304, 21 So. 1009; *Donaldson* v. *Farewell,* 93 U. S. 631; *Thompson* v. *Rose,* 16 Conn. 71; *Stewart* v. *Emerson,* 52 N. H. 301. In Pennsylvania, however, such intention is not sufficient, unless accompanied by some artifice. *Backentoss* v. *Speicher,* 31 Pa. 324. The conflict in the cases centers around the significance to be attached to the finding as a matter of fact that the vendee at the time of purchase had no reasonable expectation of being able to pay. On this point the weight of authority seems to be with the decision in the principal case, to the effect that such a finding is merely a circumstance to be considered by the jury in determining the real intention of the vendee: *Burchinell* v. *Hirsh,* 5 Colo. App. 500, 39 Pac. 352; *Watson* v. *Silsby,* 166 Mass. 57, 43 N. E. 1117; *Manheimer* v. *Harrington,* 20 Mo. App. 297; *Dalton* v. *Thurston,* 15 R. I. 418, 7 Atl. 112; *Biggs* v. *Barry,* 2 Curt. 259; *Illinois Leather Co.* v. *Flynn,* 108 Mich. 91, 65 N. W. 519; *Morrill* v. *Blackman,* 42 Conn. 324; *Stewart* v. *Emerson,* 52 N. H. 301; *Gavin* v. *Armistead,* 57 Ark. 574, 22 S. W. 431. In a few jurisdictions, notably in some of the southern states, it is held as a conclusion of law, that an absence of reasonable expectation of being able to pay is equivalent to an intention not to pay: *Maxwell* v. *Brown Shoe Co.,* 114 Ala. 304, 21 So. 1009; *McKensie* v. *Rothschild,* 119 Ala. 419, 24 So. 716; *Davis* v. *Stewart* (C. C.), 8 Fed. 803; *Powell* v. *Bradlee,* 9 Gill. and J. 220; *Pike* v. *Equitable Nat. Bank,* 2 Ohio Dec. 283, 1 Ohio N. P. 323; *Klein* v. *Rector,* 57 Miss. 538. In several cases it is laid

down that such an absence of a reasonable expectation gives rise to a presumption of fact that the vendee intended not to pay: *Talcott* v. *Henderson,* 31 Ohio St. 162; *Jaffrey* v. *Brown* (C. C.), 29 Fed. 476. With due deference to what seems the weight of authority, one must acknowledge the force of reasoning contained in the cases decided adversely. If a vendee have no reasonable expectation of being able to pay, and if, as all men are, he is presumed to intend the natural results of his acts, then there seems much of reason in the holding that as regards the rights of creditors, except where the rights of innocent third persons have intervened, the vendee shall be deemed to have intended not to pay.

SCHOOLS—VALIDITY OF REGULATIONS AS TO SECRET SOCIETIES.—The Board of Directors of a school district, with authority by law to regulate and control the public schools of that district, passed a resolution to the effect that any pupil of the high school who was or should become a member of a Greek letter fraternity would not be allowed any of the privileges of the school except that of attending classes. On petition to enjoin the enforcement of the rule, *Held,* the petition should be dismissed. *Wayland* v. *Board of School Directors, etc.,* (1906), — Wash. —, 86 Pac. Rep. 642.

All ordinances and resolutions of the municipal legislative body must be reasonable. DILLON, MUNICIPAL CORPORATIONS, 4th Ed., par. 319; *Trustees of Schools* v. *People,* 87 Ill. 303, 29 Am. Rep. 55. Resolutions of school boards are analagous to municipal ordinances. *State ex rel Stallard* v. *White,* 82 Ind. 278, 42 Am. Rep. 496. And when power to legislate upon a particular subject is expressly conferred and resolutions are passed pursuant thereto, they are the sole and final judges as to their reasonableness and expediency, and they will not be reviewed by the courts unless arbitrary or malicious. ABBOTT, MUNICIPAL CORPORATIONS, p. 1347; *ex parte Delaney,* 43 Calif. 478; *Board of Education* v. *Booth,* 110 Ky. 807, 62 S. W. 872; *Watson* v. *City of Cambridge,* 157 Mass. 561, 32 N. E. 864. It would seem, therefore, that any rule or regulation that would tend to increase the efficiency of the school, whether it operated directly upon the management of the school itself or upon the recipients of its benefits, would be sustained by the courts. The evidence in the principal case clearly showed that the tendency of the Greek letter fraternities was to create a "Clannish spirit of insubordination," affecting materially not only the progress of the students belonging to the fraternities, but also the whole school. That the school officials had control of the acts of the pupils in so far as they affect the successful conduct of the school is well settled. *Burdick* v. *Babcock,* 31 Iowa 562. The court in delivering the opinion strongly emphasized the fact that they were not deciding whether the board could forbid all the privileges of the school, including that of attending classes. But it would seem that the decision, even with the facts thus, should be the same. If it was within the power of the board to prohibit students from becoming members of fraternities, they must also have authority to enforce such rule, and ultimately the only way the rule could be enforced, other less severe measures failing, would be by expulsion.